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ED/EC M-271

September 19, 1957

EXECUTIVE COMMITTEE OF THE
ECONOMIC DEFENSE ADVISORY COMMITTEE

MINUTES

2:00 p.m. Tuesday, September 17, 1957
Room 1213 Maiatico

Attendance:

MDAC

Mr. Hale, Chairman
Mr. Kramer, Executive Secretary
Mrs. Lese, Committee Secretary

ICA

Mr. Slaght

State

Mr. Wright
Mr. Knoll
Mr. Oliver

CIA

Mr. [REDACTED] 25X1A9a

Commerce

Mr. Hockersmith
Mr. George

Treasury

Mr. Pollak

Defense

Colonel Green

Agenda:

Note a. Exchange of Cables between USRO/Paris and Washington.

1. List II Quotas for 1958.
2. Comments on Paragraph 3 (a), (b), (c) of the Work Program for Paragraph 9.

~~SECRET~~

-2-

Note a. Exchange of Cables between USRO/Paris and Washington.

It was noted that there has been cable traffic between USRO/Paris and Washington on ECE, NATO, and Polish policy matters and the State member said he would check to see if the cable exchange between USRO and Washington has any direct impact on the Polish policy question before COCOM.

1. List II Quotas for 1958.

Decision

Upon examination of the State proposal, the Executive Committee found it difficult to reconcile with current policy and requested the State member to present additional clarifying information for further consideration at the next meeting on Thursday, September 19, or as soon as possible thereafter.

Discussion

The State member submitted for the members' comments and/or approval a draft instruction to the USDEL in partial response to POLTO 294. He explained that a message received on September 16 reported that the COCOM Chairman and several of the delegates urged that the procedural discussion of List II review for 1958 take place on September 24 rather than October 1. The USDEL was requested to ascertain whether the U. S. would comply or would hold to the October 1 date originally designated. He went on to say that it is quite apparent that we cannot meet the earlier date and if the COCOM Chairman finds that it is essential to hold the discussions on September 24 the U. S. views probably would not be available. The Del has been provided with further comments on the questions regarding Poland, under discussion in today's meeting in COCOM, and upon receipt of the report of the meeting the Department will proceed to determine what the treatment of Poland should be with regard to List II quotas for 1958.

In the course of the study now taking place in State with regard to the List II quotas for 1958, consideration has been given to whether the quotas for List II should apply to the Soviet bloc as a whole or whether there should be a separate quota treatment for Communist China. After examining all aspects of that question, the conclusion was reached within State that it would be desirable to attempt a separate treatment for Communist China for List II commodities in order to provide for those situations where there might be a distinguishable difference in relationship between the European Soviet bloc and Communist China. With regard to transportation between the two areas, an analysis is being made to ascertain whether limitation of the freedom of movement between the two areas will provide the basis for a systematic estimate of how limited Communist China is with respect to meeting its requirements for particular commodities. State is not attempting to restore a China differential. They are, however, taking issue with the theory that there is complete interchangeability within the bloc, and would like to test it in terms of applying this rationale to the items on List II.

SECRET

-3-

The Commerce, Defense, and ICA members did not concur with the State proposal. The ICA member said that intelligence evaluations held fairly consistently that there was interchangeability within the bloc so that a differential would not have any effect.

The State member responded that this is not a differential. It is the same type of control.

Mr. George, Commerce, asked whether State has planned a technique to assure that other countries will take necessary action to prevent material destined for the European Soviet bloc from being transshipped to Communist China.

The ICA member said the chief objection to the State proposal is that the British and other PCs will use the same arguments and the same papers in attacking it as they did in the recent battle over the China differential.

The State member felt that would depend to a large extent on the strength of our supporting rationale.

The Chairman stressed the need for State to present more concrete information to back up their proposal before a U. S. position on procedural questions for resolving this problem can be sent to the USDEL.

2. Comments on Paragraph 3 (a), (b), (c) of the Work Program for Paragraph 9.

Decision

The Executive Committee agreed that the revised language for COCOM criteria and administrative principles extracted from the paper submitted by the Commerce member (Ref. ED/EC OM-23) be urgently reviewed in Working Group I and that recommendations be submitted to the Executive Committee with respect to the technical advisability of this or other language being used to reframe existing criteria in order to reflect the interpretation which the United States has given to existing criteria and administrative principles since 1954.

Discussion

MDAC, State, ICA, and Commerce submitted papers providing comments on Para. 3 (a), (b), and (c) of the Work Program for Paragraph 9. (Copies filed with permanent record of this meeting.) The members felt the Commerce paper warranted immediate and thoughtful consideration because it contained a wealth of well-presented material.

Mr. George, Commerce, explained that had time allowed, the paper tabled today would have contained a fifth section dealing with exception procedures and possibly ancillary controls.

The ICA member was of the view that, if the members agreed to consider the Commerce paper as the basis for discussion, consideration should be given to the general problems first and proceed to the more particular ones later.

SECRET

SECRET
-4-

At the request of the Chairman, Mr. George outlined his reasoning regarding the proposals for the revised criteria and administrative principles contained in his paper. After some discussion the Committee agreed to forward these proposals to Working Group I as outlined in Decision, above. The members felt that several days would be needed to reread and to study further the remaining portion of the paper and, therefore, a point-by-point discussion was deferred until Thursday, September 19.

Distribution:

ED List Parts I & II
WG I (Limited)

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